

Appropriations Committee Testimony

President Susan Herbst

University of Connecticut

-February 15, 2017-

Good morning. My name is Susan Herbst, and I am the president of the University of Connecticut. Thank you for giving us the opportunity to be here with you today.

With me is Scott Jordan, our Chief Financial Officer, and Wayne Locust, our Vice President for Enrollment. Also with me are Dr. Andrew Agwunobi and Jeffrey Geoghegan, who will discuss UConn Health in the next hour.

I have submitted written testimony to you, but I want to be respectful of your time this morning and be brief in my remarks. I'll then ask Scott to speak to some budget specifics.

The proposal before you contains a 4.3 percent cut to our state appropriation. This represents a reduction of 7.2% from our fiscal year 2017 appropriation or a total cut of \$28 million.

This would be a substantial reduction.

At the same time, it does not come as a surprise given the state's financial challenges, and we know the proposed cut to UConn could have been much more severe. We are grateful for every penny of appropriation the state is able to provide, especially during these very difficult years.

As always, we are concerned about the negative impact this and previous reductions continue to have on the institution, most especially our students.

A reduction in the amount proposed will slow already curtailed faculty hiring, which means bigger classes and fewer of them. This can slow students' progress to a degree and add to the cost of their education. We may also need to consider closing some academic programs and eliminating certain majors.

These actions could potentially lead to UConn falling in the U.S. News rankings. This concerns us not as a matter of prestige, but because the ranking does measure important things, including student success.

Fewer faculty also means less innovation, less discovery, and fewer opportunities to partner with the private sector.

We may also have to reduce our workforce.

Obviously we would manage this as well as we can.

Before I turn it over to Scott, I will conclude by thanking you, not only for your consideration today, but for your longtime support for the University of Connecticut.

Thanks in large part to state investment, UConn has been able to recruit more and more great students from throughout Connecticut, the nation, and the world and offer them an extremely high-quality education at a value for Connecticut families.

About 84 percent of our most recent graduates found employment, enrolled in graduate school, or joined the military or a service organization. Of that, seventy-five percent of our in-state graduates remained here in Connecticut to work. About 26 percent of our out-of-state grads did the same, a number that has been rising. Those are people who would not have come to Connecticut and made their home here, but for the fact they enrolled in UConn.

UConn is strongly linked with industry and major Connecticut employers in many ways, including Pratt & Whitney, Electric Boat, Sikorsky, Travelers, The Hartford, Cigna and Aetna, among many, many others.

Like them, UConn is a great Connecticut institution, and a critical part of the fabric of our state.

Our graduates are the workforce employers – both large and small – are demanding.

Thank you for listening and for focusing on what is most important: the lives of young people in this state, the American dream of inclusive higher education, and doing all we can to ensure Connecticut's success.

I'll now ask Scott to briefly discuss some budget specifics with you, then we are happy to answer any questions you have.

Scott Jordan, Chief Financial Officer

Thank you, President Herbst.

Good morning. I will also be brief.

As many of you know, the block grant for the Storrs and regional campuses, after rescissions, was \$223 million in fiscal year 2017, or about 1.2 percent of the state's operating budget. More when fringe costs are factored in, as is the case with every state agency.

The block grant and fringe funds about 28 percent of UConn's budget this year, with tuition, fees, external grants and other sources of revenue funding the remaining 72 percent.

We devote 100 percent of the state appropriation to personnel costs, meaning faculty and staff. It funds 56 percent of our workforce, with the other sources of revenue I mentioned funding the remainder, plus the rest of our total budget.

With state support, we have increased our undergraduate enrollment by more than 60 percent over the last 20 years. That is almost unheard of for a college or university.

As you would expect, we are producing more graduates than ever before: we are conferring nearly 70% more degrees – both graduate and undergraduate – than we were 20 years ago, going from about 4,700 in 1995 to nearly 8,000 this past May.

There have been three major drivers of our budget in recent years:

The first is the cost of UConn's share of employee fringe benefits. I believe this is true throughout state government and is not unique to UConn. As you know, this rate is determined by the state, not the university.

In 1997, UConn's share of fringe costs were \$68 million out of our total operating budget. By 2007, that number had gone up to \$122 million. This year, 2017, UConn's fringe cost now accounts for \$258 million of our total budget, with much of that increase coming in just the last few years. This substantial increase is especially difficult for our researchers, as it makes them less competitive for grants.

The second major driver is financial aid, which speaks not only to a major increase in enrollment, but a corresponding commitment to affordability. Our job is to recruit and retain great students, regardless of their economic circumstances.

In 1997, we spent \$16 million on institutional financial aid. That's direct aid to students based on need and/or merit that they do not have to pay back. This year, the university will spend \$110 million on financial aid, an increase of 588 percent over 20 years ago. UConn values financial aid and we will continue to prioritize financial aid.

And finally, there are the costs associated with our major increase in student enrollment, and the dramatic expansion of our physical campuses. We have hired more faculty to teach and more staff to provide support services and operate the university. That has been incredibly positive for the state.

Our tuition rates are already set for fiscal year 2018 and we do not intend to revisit that unless the reduction to our appropriation is significantly greater in the final budget.

But to give you a sense of the role tuition plays, next year's tuition increase will generate about \$14.2 million, net. But that is about \$13.8 million less, just over half of the potential reduction to our state appropriation that has been proposed.

Recent tuition increases have not come close to keeping up with losses in state support, though they have helped to off-set them.

Thank you.

UConn: Critical to Connecticut's Future

75%

of UConn's most recent grads from in-state are living and working in Connecticut

500+

U.S. patents have been granted based on UConn innovations, with 31 issued last year alone

61%

increase in enrollment in the last 20 years



\$400M
\$300M
\$200M
\$100M

\$400M



UConn was awarded nearly \$400M in external research funding in the last two years

2017

Hartford campus opens in 2017, transforming the city's downtown

1

UConn keeps great students in Connecticut and brings new people to the state — fighting the “brain drain” and helping to build a key working age population

- Connecticut residents comprised 77 percent of UConn's undergraduate student body
- Some 75 percent of UConn's employed in-state graduates are living in Connecticut, while 26 percent of out-of-state grads stayed in Connecticut for employment after graduation — people who would not have moved here otherwise
- UConn's undergraduate enrollment has increased by 61 percent in the last 20 years

2

UConn creates new businesses, jobs, and economic growth, strengthening Connecticut Industry

- More than 24,000 Connecticut jobs, or 1 out of every 90, are generated by UConn
- UConn has spawned 85 startup companies, contributing to the more than 2,000 jobs supported and sustained annually by the university
- Industry leaders including Pratt & Whitney, Comcast, Eversource, UTC, GE, and many more have invested nearly \$100 million in UConn in areas such as materials science, advanced manufacturing, big data, computer security, and other fields. Companies heavily recruit student talent on our campuses for both internships and full-time jobs to support their growth
- More than 500 U.S. patents have been granted based on UConn innovations, with 31 issued last year alone

3

UConn prepares students for high-quality jobs

- The School of Engineering has grown by 70 percent since 2012, increasing enrollment by more than 800 students to meet the need for more engineers as outlined by Electric Boat, UTC, and Sikorsky, among many others
- With the Bioscience CT initiative, enrollment at UConn's Medical and Dental schools is also growing, to ensure a stable source of future medical professionals in our state and access to quality health care for our residents

4

UConn innovates and finds solutions to major health and societal problems

- UConn was awarded nearly \$400 million in federal and industry research funding in the last two years
- UConn and UConn Health researchers innovate and find solutions to major public health challenges, including cancer, heart disease, stroke, and obesity, as well as major public policy challenges, including the achievement gap in schools, coastal flooding, energy, cybersecurity, environmental sustainability, infrastructure safety, and more

5

UConn improves and strengthens Connecticut cities and towns

- UConn is opening a new Hartford campus in 2017 that will transform the capital city's downtown
- UConn has vibrant locations in Groton, Waterbury, and Stamford with thousands of students, faculty, and staff generating millions in economic activity

2017 Fact Sheet

THE UNIVERSITY

- Founded 1881
- Main Campus: Storrs
- 4 Regional Campuses: Avery Point, Hartford, Stamford, Waterbury
- School of Law and Graduate Business Learning Center: Hartford
- School of Social Work: Hartford
- UConn Health: Farmington
(Schools of Medicine & Dental Medicine, graduate programs, medical & dental clinics, and UConn John Dempsey Hospital)
- Land Grant & Sea Grant college, Space Grant Consortium institution
- Storrs & Regionals = 4,109 acres; UConn Health = 209 acres

INITIATIVES

UConn 2000 – As of July 2016:

- 112 projects totaling \$3.1 billion in bonds have been authorized
- \$2.9 billion in construction-related contracts issued from all fund sources – 63% of funds to Connecticut contractors, 20% to set-aside contractors
- In excess of 4 million square feet of new space added, as well as a significant amount of renovated space
- Bond Credit Ratings by Fitch, Moody's, and Standard & Poor's remain consistently strong

Next Generation Connecticut

- Next Generation Connecticut: \$1.5 billion capital investment over 10 years includes construction, renovations, infrastructure, and equipment

Bioscience Connecticut

- Bioscience Connecticut: \$864 million investment in genomics and personalized medicine

STUDENTS – Fall 2016

Academic Programs & Degrees

14 Schools & Colleges

Agriculture, Health & Natural Resources, Business, Dental Medicine, Neag Education, Engineering, Fine Arts, Graduate, Law, Liberal Arts & Sciences, Medicine, Nursing, Pharmacy, Ratcliffe Hicks, Social Work

7 undergraduate degrees: 113 majors

17 graduate degrees: 83 research and professional practice fields of study

6 professional degree programs (J.D., LL.M., M.D., D.M.D., Pharm.D., S.J.D.)

Degrees 2015-16	8,055		
Bachelor's	5,197	Dental Medicine	34
Master's	1,750	Graduate/Professional	
Doctorates	379	Certificates	229
Law (J.D., LL.M.)	195	6 Yr. Education	66
Pharm.D.	99	2 Yr. Agriculture	24
Medicine	82		

Degrees by: Female 53% Minority 22%

Total Student Enrollment – 32,027

19,324	Undergraduate at Main Campus
4,306	Undergraduate at Regional Campuses
23,630	Subtotal Undergraduate
7,139	Graduate (M.A./Ph.D., incl. 311 at UConn Health)
470	Law
201	Pharm.D.
408	Medicine
179	Dental Medicine
8,397	Subtotal Graduate/Professional

Entering Freshmen at Main Campus, Fall 2016 – 3,822

- 51% were in top 10% of high school class
- 84% were in top 25% of high school class
- 78 valedictorians and 79 salutatorians
- 306% more minority freshmen than in Fall 1995
- Since 1995: 2,225 valedictorians and salutatorians enrolled at all campuses

Student Characteristics

	Undergraduate - 23,630	Grad/Professional - 8,397
Female	50%	52%
Minority	31%	19%
International ¹	6%	25%
Connecticut Residents ²	77%	63%

¹ 109 countries were represented in the Fall 2016 international student population.

² 72% of undergraduates on Main Campus are Connecticut residents.

All 169 Connecticut towns and 42 of 50 states are represented in the Fall 2016 total undergraduate student population.

SAT Scores and Retention & Graduation Rates

2016 SAT Scores (Critical Reading and Math)	National High School	Connecticut High School	Main Campus Entering Freshmen
	1002	1000	1233

Main Campus		All	Minority
Freshmen Retention:	1-Year Rate	92%	91%
Graduation:	4-Year Rate	73%	62%
	6-Year Rate	82%	77%

UConn (Main Campus) ranks 18 out of 58 public research universities in graduation rate for all freshmen and 21 out of 58 public research universities for minority freshmen. (Sources: *U.S. News 2017 America's Best Colleges* & *2015 IPEDS Graduation Rate Survey*) UConn (Main Campus) average time to graduate is 4.2 years among those who graduate within 6 years, and ranks 3 out of 58 public research universities.

Total Undergraduate Student Cost – 2016-2017

	In-State	Out-of-State
Tuition, Fees, Room ¹ & Board ²	\$26,238	\$48,030
Tuition & Mandatory Fees	14,066	35,858
Tuition Only	11,224	33,016

¹ 67% of Main Campus undergraduates live in campus housing (101 residential halls).

² Board rate shown reflects most popular plan available.

Student Financial Aid – Fiscal Year 2016

Financial Aid Support: \$478.9 million

	Main Campus/ Regional ¹	UConn Health
Scholarships & Grants	\$177.8 million	\$6.2 million
Loans	192.0 million	18.5 million
Student Employment	22.9 million	
Tuition Waivers	61.5 million	

¹ 36.3% of all tuition dollars are dedicated to financial aid. Approximately 22,300 students received financial aid packages in FY 2016.

UConn ranks among the Top 25 public universities in the nation

– *U.S. News & World Report America's Best Colleges* (2017)

2017 Fact Sheet



BUDGET – Fiscal Year 2017

Total Current Funds Budget: \$2.3 billion

MAIN & REGIONAL CAMPUSES

Revenues	In Millions
State Appropriation	\$223.0
Fringe Benefits	146.9
Student Tuition & Fees	673.4
Gifts, Grants & Contracts	201.5
Sales/Services – Auxiliary Enterprises	34.5
Sales/Services – Educational	19.8
Investment Income	0.8
All Other Revenues	19.9
Total	\$1,319.8

Expenditures

Academic Services	\$615.0
Research Services	90.0
Student Services	432.6
Operating, Support & Physical Plant Services	181.8
Total	\$1,319.4

UConn Health

Revenues	In Millions
State Appropriation	\$123.6
Fringe Benefits	94.6
Student Tuition & Fees	23.1
Gifts, Grants & Contracts	89.8
Interns & Residents	63.3
Net Patient Care	464.6
Correctional Managed Care	86.0
All Other Revenues	46.4
Total	\$991.4

Expenditures

Hospital & Health Services	\$547.2
Correctional Managed Care	86.0
Academic Services	169.2
Research Services	127.8
Operating, Support & Physical Plant Services	77.1
Total	\$1,007.3

STAFF – Fall 2016

Number of Full-time & Part-time Faculty & Staff: 10,019

	Main Campus/Regional	UConn Health
Full-time & Part-time Faculty & Staff	4,830	5,189
Full-time Faculty & Staff	4,716 (98%)	4,018 (77%)
Part-time Faculty & Staff ¹	114 (2%)	1,171 (23%)
Full-time Faculty	1,518	489
Tenured & Tenure Track	1,154 (76%)	167 (34%)
Non-Tenure Track	364 (24%)	322 (66%)
Full-time Staff	3,198	3,529
Full-time & Part-time Faculty		
Female	41%	42%
Minority	23%	31%
Full-time & Part-time Staff		
Female	57%	77%
Minority	17%	26%

¹Approximately 690 adjunct lecturers teach one or more courses at Storrs and regional campuses.

Staff Covered by Collective Bargaining Agreements:

Main Campus & Regional Campuses	90%
UConn Health	80%

ALUMNI and GIVING

UConn Alumni

- Nearly 247,000 total alumni worldwide.
- More than 131,000 alumni live in Connecticut.

Private Giving Fiscal Year 2016

- In FY 2016 private donations to the University totaled \$78.3 million. Of that amount, \$16.1 million was donated for scholarships and student support, \$29.8 million for program support, \$25.4 million for research, \$5.3 million for faculty support and \$1.7 million for capital improvements.
- Alumni contributed \$22 million in FY 2016. Parents and other individuals contributed \$11.6 million. Corporations and organizations added an additional \$44.7 million.
- Funds made available to support the University in FY 2016 totaled \$50.6 million.
- The University endowment portfolio was valued at \$377.2 million at the fiscal year-end, including more than \$157 million for scholarships.

RESEARCH, TRAINING and PUBLIC SERVICE

Fiscal Year 2016 external funding, sponsored awards:

\$280.2 million (excluding financial aid):

Main & Regional Campuses:	\$194.5 million (69%)
UConn Health:	\$ 85.7 million (31%)

Total by Funding Source

Federal: 75.2% State: 10.8% Private/Other: 14%

Sponsored Awards at Main & Regional Campuses

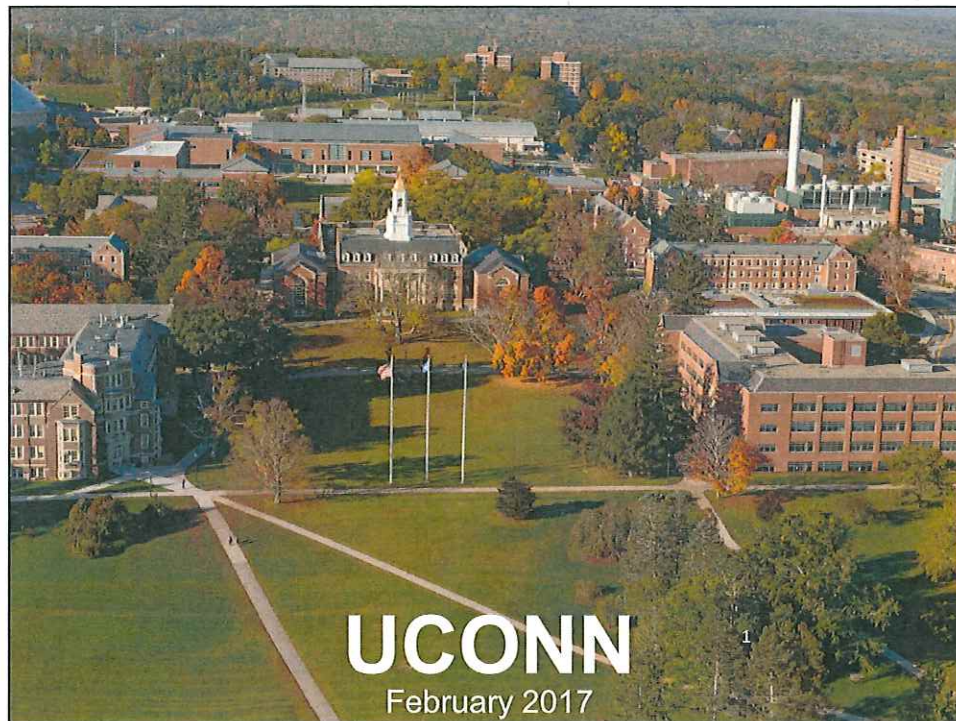
Research	76%
Education and Training Programs	9%
Public Service	15%

Sponsored Awards at UConn Health

Research	80%
Education and Training Programs	8%
Public Service	12%



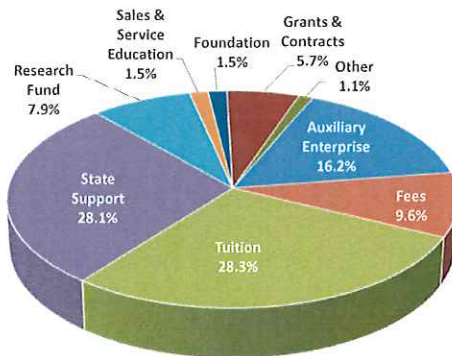
Connect with us: social.uconn.edu | uconn.edu | health.uconn.edu



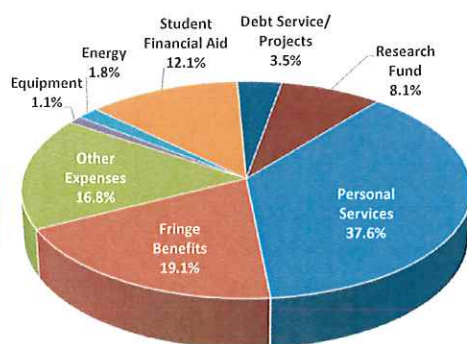
FY17 Operating Budget Forecast

Despite continued fiscal pressure, UConn has a balanced budget for FY17

Revenues - \$1,317.0M



Expenses- \$1,314.6M



Note: Use of decimals may result in rounding differences.

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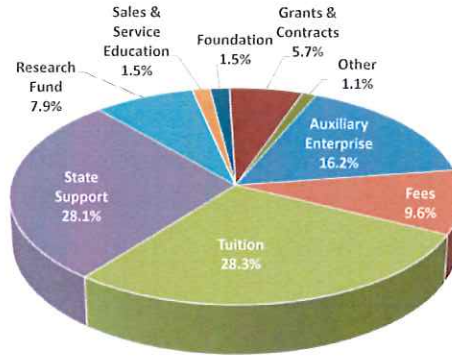
FY17 Revenue Forecast

Total revenue is expected to be \$4.2M less than FY16 revenues

Revenues (\$M)	
Appropriation	223.0
Fringe Benefits & Adjustments	147.0
Total State Support	\$ 370.0
Tuition	372.5
Fees	126.4
Grants & Contracts	75.6
Foundation/Endowment	20.0
Sales & Service Education	19.1
Auxiliary Enterprise Revenue	214.0
Other Revenue	14.8
Total Operating Fund	\$ 1,212.4
Research Fund	104.6
Total Revenues	\$ 1,317.0

Note: Use of decimals may result in rounding differences

UConn



Nearly 40% of total revenue is funded by students and their families through tuition and fees

3

FY17 Expense Forecast

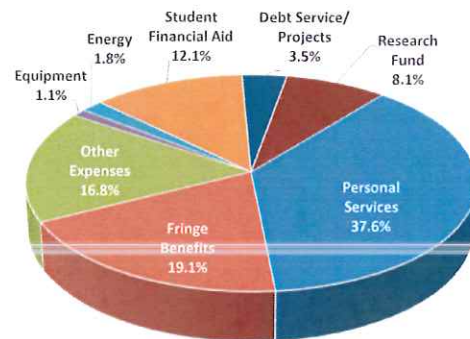
Notwithstanding inflation and higher fringe rates, operating expenses will be \$3.9M less than FY16 expenses

Expenditures (\$M)	
Personal Services*	494.3
Fringe Benefits	250.9
Total Personnel Expenses	\$ 745.2
Other Expenses	220.8
Equipment	14.5
Energy	23.1
Student Financial Aid	159.1
Debt Service/Projects	45.8
Total Operating Fund	\$ 1,208.5
Research Fund	106.1
Total Expenditures	\$ 1,314.6

*Personal Services includes all salary costs for faculty, staff, graduate assistants, etc.

Note: Use of decimals may result in rounding differences

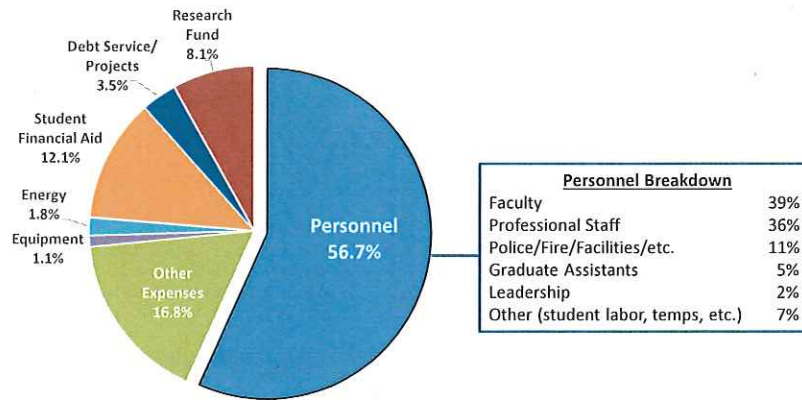
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Personal Services & Fringe Benefits

Personnel costs account for almost 57% of UConn's total operating budget



The State Appropriation covers about half of all payroll costs

*Personnel costs includes all salary costs for faculty, staff, graduate assistants, etc. and fringe benefit costs
Note: Use of decimals may result in rounding differences.

FY18 & FY19 Proposed State Funding (\$M)

FY18 Governor's Budget proposes \$16.5M less for UConn than the FY17 appropriation, which is a \$28.0M cut including fringe benefit reimbursement

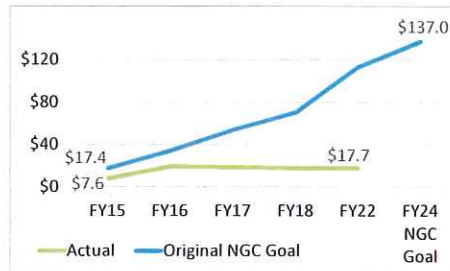
	FY17 Appropriation*	FY18 & FY19 Governor Budget	Change
Operating Expenses	\$207.7	\$192.8	(\$14.9)
NextGenCT	19.1	17.7	(1.4)
Kerr Grant	0.1	0.0	(0.1)
Workers' Comp Claims	3.0	2.8	(0.2)
Block Grant Total	\$229.9	\$213.4	(\$16.5)
Fringe Benefits (est.)	158.7	147.2	(11.5)
Total Support	\$388.6	\$360.6	(\$28.0)

* Potential immediate impacts: slower faculty hiring, bigger classes, fewer classes, admit fewer students next fall, decline in research support, inability for students to graduate in a timely way

*FY17 appropriation does not include \$6.9 million of lapses implemented on 6/8/16

NextGenCT Operating Budget

Given the State's fiscal challenges the FY15, FY16, and FY17 NextGenCT operating funds appropriated were significantly reduced compared to the plan



\$M	Original Plan	Actual/Proposed*	Change
FY15	\$17.4	\$7.6	(\$9.8)
FY16	\$33.8	\$19.1	(\$14.7)
FY17	\$54.0	\$18.5	(\$35.5)
FY18	\$70.3	\$17.7	(\$52.6)
FY19	\$80.6	\$17.7	(\$62.9)

*Due to mid-year rescissions in FY15 & FY16, one-time non-State appropriated funds were used to fulfill the financial commitments of this initiative

- The reduction in funding will not allow us to hire new faculty nor will it enable us to meet the enrollment goals of the initiative
- NextGenCT Capital funding continues to be critical to ensure faculty have labs/equipment needed to compete for grants & STEM students have great facilities to support research & education

Cuts to State Support

Since FY10, UConn has sustained \$86.9M in reductions* including lost fringe

UConn - Reductions, Fringe (Lost) and Fund Sweeps (\$M)					
	Appropriation	Reduction	Lost Fringe due to Reduction	Fund Sweeps	Total Cut
FY10	\$ 235.3	\$ (2.3)	\$ (1.2)	\$ (8.0)	\$ (11.5)
FY11	233.0	(0.4)	(0.2)	(15.0)	(15.6)
FY12	207.7	(2.1)	(1.1)	-	(3.2)
FY13	206.1	(10.3)	(5.2)	-	(15.5)
FY14	203.4	(0.8)	(0.4)	-	(1.2)
FY15	229.6	(7.4)	(3.7)	-	(11.1)
FY16	243.2	(2.6)	(1.6)	(13.2)	(17.4)
FY17**	229.9	(6.9)	(4.5)	-	(11.4)
TOTAL		\$ (32.8)	\$ (17.9)	\$ (36.2)	\$ (86.9)

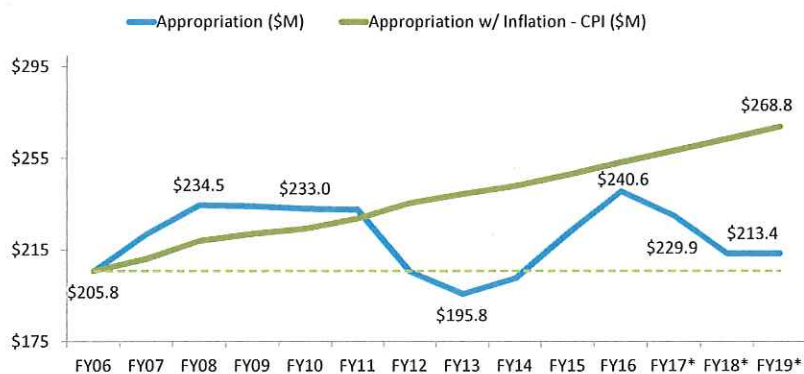
- In addition to cuts already received in FY18 proposed appropriation, if the labor concessions are not reached, UConn could face an additional \$14.6M of cuts (+ fringe benefit costs)
- Per statute, should the State budget be in deficit, the Governor may reduce State agency allotments by not more than 5% unless approved by the General Assembly

*Reductions = lapses, rescissions, fund sweeps and deficit mitigation
 **FY17 includes the appropriation and lapses as of 9/27/16.

Note: Use of decimals may result in rounding differences.

State Appropriation

State appropriations have not kept pace with inflation; therefore, UConn tuition, fees, expense reductions and operational efficiencies must make up for the loss of funding



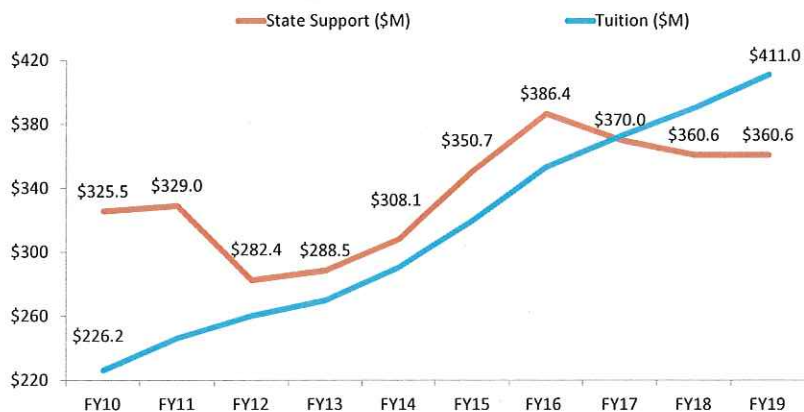
*FY17 appropriation does not include \$6.9 million of lapses implemented on 6/8/16; FY18 and FY19 reflect the Governor's proposal.

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Tuition is Largest Revenue Source

Starting in FY17, tuition is the largest revenue source, surpassing State support
Based on current projections, the gap will continue to grow in FY18



Note: State Support includes the appropriation and fringe benefit reimbursement.

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Four Year Tuition Plan

FY18 tuition increase will only cover half of the cuts from the Governor's proposed budget

	2016-17		2017-18		2018-19		2019-2020	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Tuition Amount	11,224	33,016	11,999	34,066	12,849	35,216	13,799	36,466
Dollar Increase	\$700	\$950	\$775	\$1,050	\$850	\$1,150	\$950	\$1,250
New Revenue	\$15.3M		\$17.0M		\$18.6M		\$20.6M	
New Financial Aid	\$2.5M		\$2.8M		\$3.0M		\$3.4M	
Net New Revenue	\$12.8M		\$14.2M		\$15.6M		\$17.2M	

UConn approved a 4 year tuition plan (FY17-FY20) on December 16, 2015 which will provide certainty and transparency for students and their parents

Financial Aid

UConn is providing an additional \$13.3M in financial aid for FY17

- Approximately 22,300 students (72%) received aid from all known sources in FY16
- The percentage of need-based financial aid to gross tuition is growing to 17.4% which is greater than last year and over the State's requirement of 15%
- Need based financial aid is \$62.2M out of the \$111.0M University supported total

Financial Aid (\$M)	FY14	FY15	FY16	FY17 Forecast	FY16-FY17 Change
University Supported	\$86.0	\$93.9	\$97.7	\$111.0	\$13.3
State (includes R. Willis Scholarship)	9.4	11.2	14.0	9.1	(4.9)
Federal (Pell/SEOG)	24.3	25.6	26.0	27.0	1.0
Other	12.1	11.9	13.3	12.0	(1.3)
Total Aid in Budget	\$132.1	\$142.6	\$151.0	\$159.1	\$8.1

*Other funding comes from the private sources such as the Foundation and Endowments.

Operating Budget Risks

- The Governor's FY18 Budget proposal is \$28M less than the FY17 State Support and UConn is at risk for \$14.6M (+ fringe) more in cuts if labor concessions are not reached
- Uncertainty for FY18 and beyond due to unsettled collective bargaining agreements and fringe benefit rates
- To meet budget challenges, University units have taken 12% or \$50M of cuts over the last 3 years. Additional departmental cuts will be necessary due to the reduction in State Support which impacts the academic mission and our students
- NextGenCT funding is more critical than ever to ensure faculty have labs/equipment needed to compete for grants; STEM students and faculty have great facilities to support research & education; and STEM scholarships and financial aid are funded

UConn

Who We Are

We are UConn Nation

One team, achieving greatness together!



Data: UConn & UConn Health

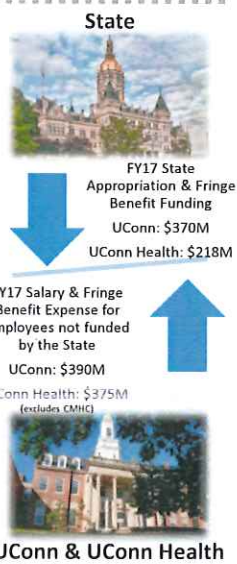
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UConn - a State Agency

UConn is the State's flagship University

- Operates in a fiercely competitive environment vying for students, patients, faculty (academic, research & clinical) with other public & private higher education institutions & health care entities across the State, country & the world
- Employs over 10,000 State employees across Storrs, regional & Farmington campuses
 - Participates in collective bargaining at the campus level for 5 contracts and with statewide labor contracts for the remaining units; 85% of employees are covered by collective bargaining agreements
 - By virtue of its public status, its employees are covered by statewide fringe benefits for which the University is required to pay statewide fringe benefit rates
- Follows all State procurement, contracting & hiring rules; subject to the Freedom of Information Act; and continuous auditing by the Auditors of Public Accounts
- Provides University expertise & services to numerous State agencies



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UConn Impact on Connecticut Economy

- From jobs on campus to partnerships with startup businesses, the economic impact of the University can be felt across the entire state
- UConn prepares the workforce of tomorrow, pioneers innovation in new products and research, is responsible for 1 out of every 90 jobs in CT, and is committed to supporting communities and the State through the charitable & volunteer work done every year by students, faculty & staff
- For graduates of the class of 2016:
 - 4 of every 5 are established in CT jobs within a few months of graduating or are continuing their education in CT
 - 80% of undergrads were employed or pursuing education within 4 months
 - Almost 80% landing jobs in Connecticut were residents of the state before coming to UConn, and 30% who came to UConn from other states also ended up staying in Connecticut for jobs

Measures of a Great University

- | | | |
|------------------------------------|---|--|
| ■ Federal research |  | ■ Ability to attract & retain the best faculty & students |
| ■ Membership in national academies | | ■ Extensive resources to pursue teaching & research |
| ■ Faculty awards | | ■ Freedom to pursue critical thinking, innovation & creativity |
| ■ State/industrial research | | |
| ■ Doctoral degrees | | |
| ■ Post-doctoral fellows | | |
| ■ Undergrad education | | |
| ■ Academic reputation | | |
| ■ Student retention | | |
| ■ Faculty resources | | |
| ■ Student selectivity | | |
| ■ Financial resources | | |
| ■ Graduation rate | | |
| ■ Alumni giving rate | | |

Ideas – People - Infrastructure

Outstanding Academic Quality

UConn has made great strides & needs to continue moving forward!

- Top 25 Public National University (20th) in *U.S. News and World Report*
- Decreased average time to degree to 4.2 years ranks 3rd among Public Research Peers
- Increased number of class offerings by 33%
- Increased academic quality of students
- More than one in three CT high school seniors applying to UConn



UConn Student Success

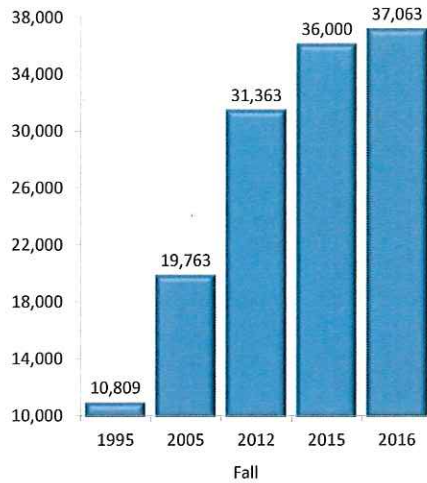
Profile of Incoming Freshmen, Fall 2016 – Class of 2020

- Over 37,000 applicants for the Fall of 2016, a record number
 - From all 50 states, Puerto Rico and 111 countries
- 5,119 freshmen welcomed at all campuses - including 3,822 at Storrs Campus
 - 157 valedictorians & salutatorians (78 vals and 79 sals)
- 71% CT residents, up from 68% last year; in-state and out-of-state mix across all campuses for all undergraduates maintained at 77%/23%
- 37% of freshmen are from minority groups – up from 32% in 2015
- 164 of CT's 169 cities and towns are represented

UConn Student Success

Freshman application trends continue to rise

Profile of Incoming Freshmen, Fall 2016 – Class of 2020



- Applications at all campuses have increased 243% from Fall 1995 to Fall 2016
- STEM applicants at the Storrs Campus have increased 29% since Fall 2012

Data: Storrs & Regional Campuses

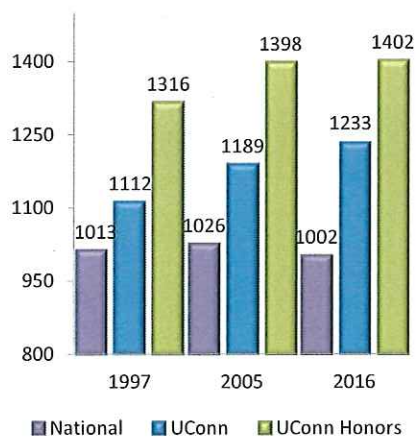
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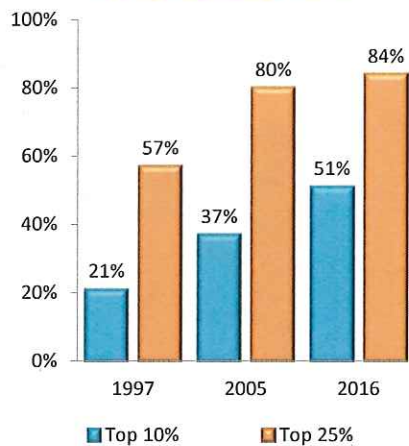
UConn Student Success

Freshman quality is strong

Mean SAT Scores



High School Class Rank



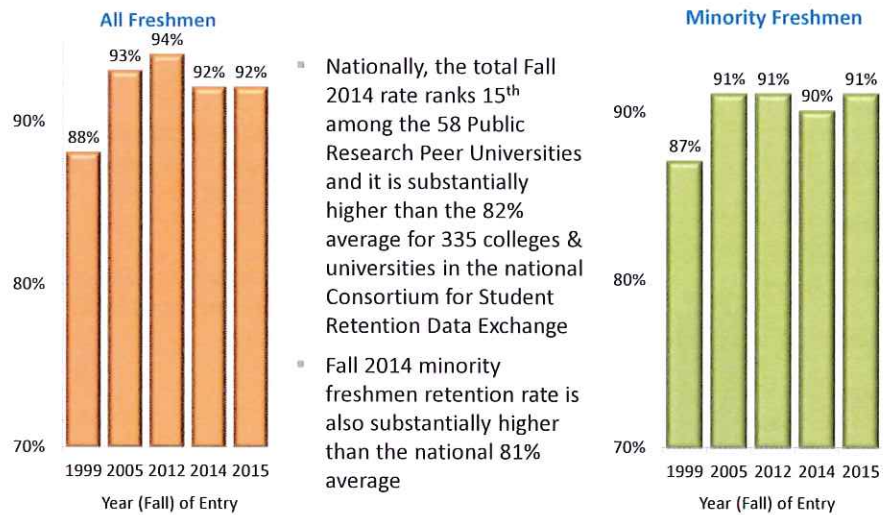
Data: Storrs Campus

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UConn Student Success

Freshman retention trends are among the highest



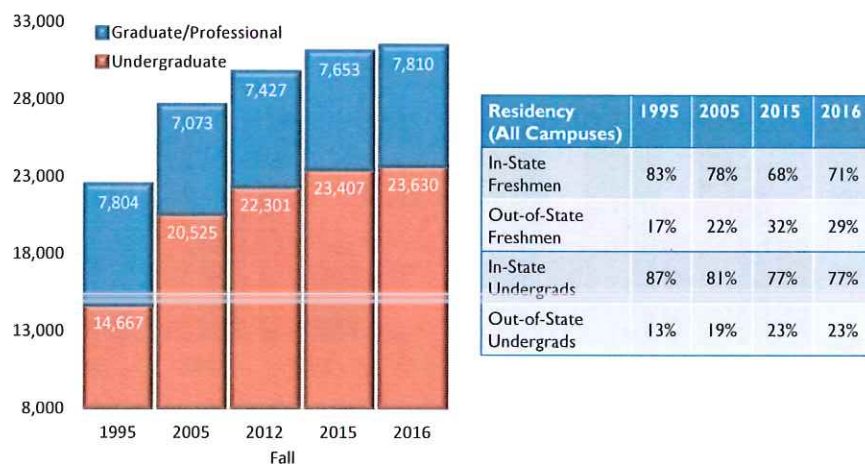
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UConn Student Success

Total Student Enrollment

Undergraduate enrollment has increased 61% from 1995 to 2016



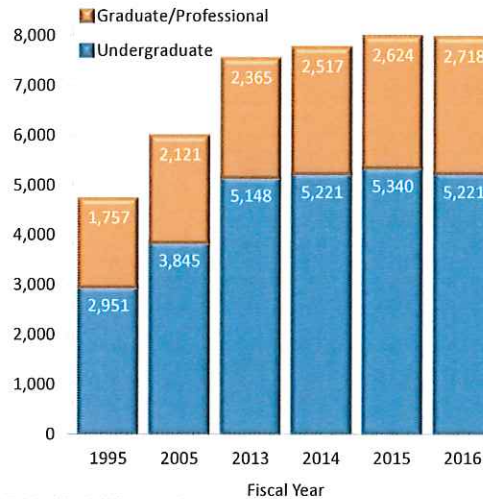
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UConn Student Success

UConn Awarded 7,939 degrees in FY16

- Undergraduate degrees have increased 77% since FY95
- Undergraduate degrees in STEM have increased by 12% since FY13
- Master's degrees in STEM have increased 13% since FY13
- Doctoral degrees in STEM have increased 15% since FY13



Cost of Attendance in FY17

Current 2016-17 rates for in-state and out-of-state students

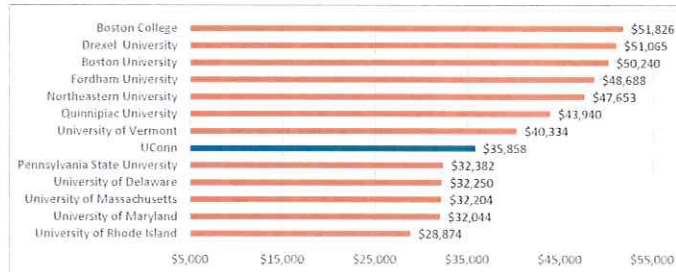
	In-State	Out-of-State
Tuition	\$11,224	\$33,016
Mandatory Fees	2,842	2,842
Subtotal	\$14,066	\$35,858
Room & Board	12,172	12,172
Direct Cost of Attendance*	\$26,238	\$48,030

*Does not include costs for books, supplies, transportation, etc.

Tuition and Fees vs Competitors



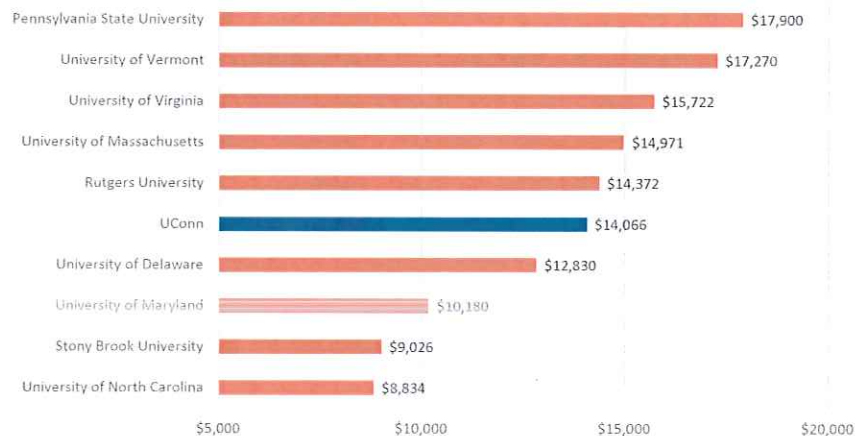
For Connecticut residents, UConn offers the best value



For Non-Connecticut residents, UConn is the second highest cost among public flagship institutions

Tuition and Fees vs Competitors

In-State tuition and fee rates at competitor public flagship institutions



UConn Spend Smart

UConn managers have addressed cuts in funding over the last several years by identifying areas for expense reductions, revenue enhancements, cost avoidance, and/or operational efficiencies

Through a program called Spend Smart, over 200 initiatives were implemented by over 37 departments, schools/colleges and units totaling nearly \$29M. A few examples include:

- Center for Excellence in Teaching and Learning (CETL) – Reorganization of the Center for Continuing Studies into CETL ~\$3.5M. Supports students and faculty through online initiatives, robust academic outreach programs, and development of new entrepreneurial programs.
- School of Business - Reconfiguration of classrooms at the Graduate Business Learning Center ~\$685k. Supports student needs by aligning course offerings with demand.
- Office of the Controller – Development of a new purchase order invoice process ~\$295k.
- School of Nursing – Creation of an electronic health records system for simulation laboratories ~\$78k. Better prepares students for careers in nursing.
- Waterbury Campus - Re-organized information desk ~\$55k.
- Animal Care – Replacement of automatic water system to water bottles ~\$13k.
- Student Affairs – Consolidation of ticket sales to the Student Union Information Center/online ~\$10k. Offers the community one stop shopping and online options.

UConn is changing the way it does business.

To learn more visit: <http://budget.uconn.edu/spend-smart/>

Next Generation Connecticut

Overview

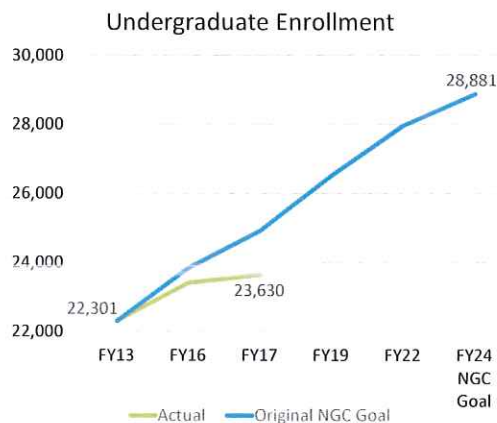
Next Generation Connecticut Overview

Thanks to the strong support from the State, UConn continues the transformation of modernizing, rehabilitating and expanding the physical plant of the University through the NextGenCT initiative

- Approved in 2013, NextGenCT is an ambitious 10-year plan (FY15-FY24) to improve UConn's STEM capabilities. Specifically, the initiative is designed to:
 - Build STEM facilities including classrooms, equipment and laboratories
 - Upgrade aging infrastructure to accommodate faculty and students
 - Hire new faculty & enroll more talented undergraduate students primarily in STEM areas (dependent on new State operating funds)
 - Increase research productivity & innovation
- Includes capital and operating components
 - Capital Budget \$1.5B Approved
 - Operating Budget \$137M Increase requested in State Appropriation

NextGenCT Progress - Student Growth

Since FY13, total undergraduate enrollment has increased by 1,329 students or 6% despite NextGenCT operating fund shortages – growth at Storrs is more than the planned amount



- Fall of 2016 enrollment is 23,630, up 223 from the prior year
- Storrs undergraduate STEM enrollment increased by 29% since FY13
 - 1,066 of the Storrs STEM students are in engineering which has increased by 54%

NextGenCT Progress - Student Growth

	FY17 Actual	Change from FY13	
Freshmen Applications: STEM (est)	19,264	4,348	+29%
Freshmen Applications: Total (est)	37,063	5,700	+18%
Storrs Undergraduates: STEM	10,303	2,308	+29%
Storrs Undergraduates: Total	19,324	1,796	+10%
Undergraduates: Total	23,630	1,329	+6%
Graduates: Total	7,139	526	+8%
Bachelor's Degrees: STEM (FY16)	2,672	285	+12%
Bachelor's Degrees: Total (FY16)	5,197	48	+1%
Masters & Doctoral Degrees: STEM (FY16)	675	83	+14%
Masters & Doctoral Degrees: Total (FY16)	2,129	262	+14%

NextGenCT Progress - Student Growth

Storrs Engineering undergraduate enrollment increased from 1,978 in FY13 to 3,044 in FY17 or 54%

Why do we need more engineering students?

- Expected workforce growth over next decade in Connecticut:
 - Pratt & Whitney (PW) will hire 8,000 new employees
 - Lockheed Martin-Sikorsky (LM-S) will grow by 8,000
 - Electric Boat (EB) will increase it's workforce by 4,000
 - At least 5,000 additional engineers will be needed by these 3 companies alone (based on assumption that 20% of workforce will be engineers)
 - There are at least 200 supply companies to PW, LM-S & EB that will need to significantly ramp up production
- UConn provides majority of employees for these companies – we have a capacity problem in catching up with demand – resources are needed to maintain and increase our graduates



NextGenCT Capital Budget

Continued stable funding is essential for execution of the capital plan

	Prior Year	FY15	FY16	FY17	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Budget (\$M)	\$106.4	\$205.0	\$204.4	\$205.3	\$260.1	\$251.0	\$269.0	\$191.5	\$144.0	\$112.0	\$73.5			
FY17 Deferral				(26.0)	26.0									
Proposed Deferral					(29.6)	(25.1)	(43.3)	(31.2)	(90.9)	(75.2)	(33.8)	125.0	110.0	99.1
Revised Budget	\$106.4	\$205.0	\$204.4	\$179.3	\$256.5	\$225.9	\$225.7	\$160.3	\$53.1	\$36.8	\$34.7	\$125.0	\$110.0	\$99.1
Completed	Next Generation Hall \$101M													
	Putnam Renovation \$23M													
	Monteith Renovation \$24M													
Construction	New Hartford Campus \$140M													
	Engineering & Science Building \$95M													
Planning & Design	STEM Research Center ~\$245M													
	Gant Renovation ~\$180M													
	Fine Arts Addition \$24M													
	Parking Garages & Lots ~\$78M													
On-going	Major Infrastructure Upgrades (i.e. sewer, water, steam, electrical repairs & upgrades)													
	Deferred Maintenance/Academic Renovations (i.e. roof/HVAC repairs, research lab renovations)													
	Equipment Acquisitions (i.e. fMRI, fire truck, ambulance, CORE-CT implementation)													

*FY18 UCONN 2000 funding also includes \$9.4M for Bioscience CT.

Note: Chart reflects which fiscal years the funding is phased over for selected major projects and not the specific construction period

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Major Building Openings in Summer 2017

The first 3 major projects of the NextGenCT capital program were completed in the summer of 2016: Next Generation Connecticut Hall, Monteith Building Renovation & Putnam Refectory Renovation



Engineering & Science Building

- 115,000 square feet, 5 floors + penthouse
- \$95M budget
- May 2017 completion



UConn Hartford Campus: \$140M

- Hartford Times Building: 164,000 square feet, 5 floors, August 2017 completion
- 38 Prospect Street Building: 38,870 square feet, 4 floors + penthouse, May 2017 completion
- Hartford Public Library: 12,000 square feet, July 2017 completion

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NextGenCT Capital Project Progress

Major Projects in Planning / Design / Construction	
Construction	Central Campus Infrastructure Upgrades
	Engineering & Science Building
	Hartford Campus Relocation
	Innovation Partnership Building ¹
	Main Accumulation Area Building
	North Hillside Road (aka Discovery Drive)
Design	Fine Arts Production Facility Addition
	Gant Building Renovation
	Gampel Pavilion Dome Repair
	Infrastructure Upgrades
	North Eagleville Road Infrastructure
Planning	Student Recreation Center ²
	Athletic District (Stadia) Development ²
	Parking Lots & Facilities
	STEM Research 1 Building

¹ The Innovation Partnership Building is the first building of the UConn Technology Park and funded by the State.

² The Student Recreation Center and the Athletic District Development are funded with University funds, student fees and philanthropy.

Next Generation Connecticut Bioscience Connecticut

UConn Research & Innovation
Driving Economic Growth for Connecticut

UConn Research & Innovation: Economic Driver for CT

University Initiated Pipeline for an Innovation Economy

UConn generates new discoveries that move through translational stages towards commercialization, investment, new companies, and new jobs for Connecticut



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UConn Research & Innovation: Economic Driver for CT

1 RESEARCH & DISCOVERY (Storrs/Regionals and UConn Health)

Federal and industry grants fund groundbreaking basic and applied research to fuel new discoveries and the development of promising technologies

UConn Research Activity	FY16	Change from FY13	
Annual Grant Expenditures (\$M)	\$103	+\$4	+4%
Proposals (\$M)	\$623	+\$112	+16%
Grants Awarded (\$M)	\$147	+\$68	+57%
Average Grant Award Size/Faculty (STEM)	\$127,912	+\$53,457	+72%
UConn Health Research Activity	FY16	Change from FY15	
Annual Grant Expenditures (\$M)	\$72	+\$4	+6%
Proposals (\$M)	\$441	-\$2	0%
Grants Awarded (\$M)	\$71	\$16	+30%
Average Grant Award Size/Faculty (STEM)	\$204,573	+\$53,306	+35%

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UConn Research & Innovation: Economic Driver for CT



2 COMMERCIALIZATION & COMPANY CREATION

Turning discoveries into products, companies and jobs

- Identify, protect, license and fund the development of new discoveries and Intellectual Property (IP)
- Support company startup creation with investment services, mentoring and entrepreneurial education
- Incubate company startups at 3 state-of-the-art facilities through the Technology Incubation Program (TIP), provide access to University R&D resources to TIP companies, plus business support, mentoring, educational and networking events



Research & Innovation
success leads to technology
commercialization,
creates new companies, new
jobs, and positions
Connecticut for economic
growth

UConn Research & Innovation: Economic Driver for CT



2 COMMERCIALIZATION & COMPANY CREATION

FY16 Technology Commercialization Activity

- 69 invention disclosures received
- 91 U.S. patent applications filed
- 31 patents issued
- 11 licenses & options executed
- \$960K licensing revenue
- 2 startup companies formed (FY15)

Support IP
Development

New Venture
Development

Incubate
Startups

UConn Research & Innovation: Economic Driver for CT

2 COMMERCIALIZATION & COMPANY CREATION

Technology Incubation Program (TIP)

Recent Data

- 35 companies currently being incubated
- 76% of incubator space is currently occupied
- \$1.2M raised in revenue from sales and grants
- \$19.1M raised in debt & equity funding
- 66 full-time & 38 part-time jobs created



Moving technology from
the lab to the market at
UConn and UConn Health

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UConn Research & Innovation: Economic Driver for CT

2 COMMERCIALIZATION & COMPANY CREATION



What Do We Need to Accelerate Growth?

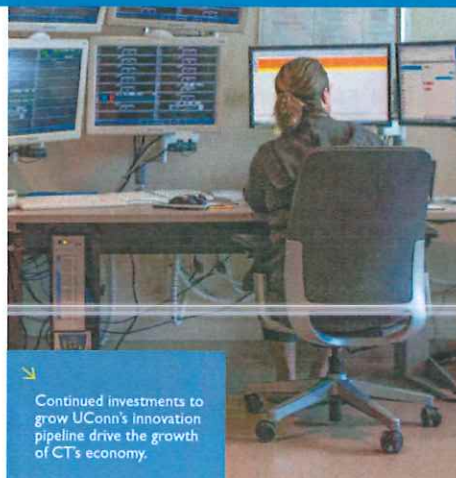
To build on current strengths, gain momentum and see faster returns, we need:

Dollars

- To more quickly and substantially drive commercialization efforts and transform ideas into products

People

- More faculty – to grow UConn's Research & Innovation pipeline
- More venture development staff– to support innovation activities, new venture development, etc.



Continued investments to grow UConn's innovation pipeline drive the growth of CT's economy.

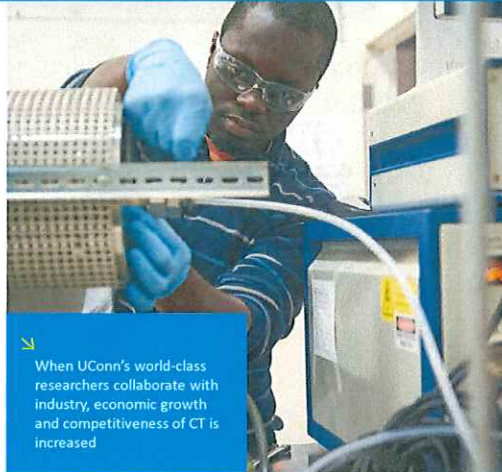
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UConn Research & Innovation: Economic Driver for CT

3 SUPPORT & GROW EXISTING INDUSTRIES

Types of University-Industry Partnerships:

- Industry Contracts
- Joint Research Grants
- Student Internships
- Scientific/Engineering Support
- Clinical Trials
- Technology Development
- Shared Equipment
- Proof of Concept Space
- Partner and Startup Co-location (e.g. Industry Partnership Building)



UConn Research & Innovation: Economic Driver for CT

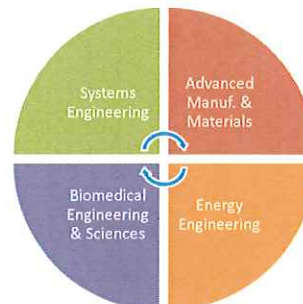
3 SUPPORT & GROW EXISTING INDUSTRIES

Innovation Partnership Building (IPB) at the UConn Tech Park

- Targets Manufacturers
- Attracts Large Corporations
- Supports Small and Medium-Sized Enterprises in Supply Chain



Aligning Industry needs with UConn innovation and expertise



UConn Research & Innovation: Economic Driver for CT

3 SUPPORT & GROW EXISTING INDUSTRIES

Innovation Partnership Building (IPB)

\$78M

IN INDUSTRY
PARTNERSHIPS
TO DATE

\$25M	FEI Center for Advanced Microscopy & Materials Analysis	
\$7.5M	Pratt & Whitney Additive Manufacturing Innovation Center	
\$6M	Comcast Center for Security Innovation	
\$9M	Eversource Energy Center	
\$10M	UTC Institute for Advanced Systems Engineering	
\$7.5M	Flexible Hybrid Electronics Manufacturing Innovation Institute	
\$7.5M	GE Advanced Technology Initiative	
\$3.6M	Connecticut Manufacturing Simulation Center	
\$2M	EDAX Advanced Cameras & Detectors	

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